

HISTORY OF STEEL TRUST REVEALED

John W. Gates Tells the Committee About It

MILLIONS LOST IN BREATH

Formation of the United States Steel Corporation, He Says, Was Natural Outcome of Refusal of Carnegie to Be Bound by the "Gentleman's Agreement," Which Marked Early Days of Open Competition in Steel Business—"Millions Made and Lost in a Breath."

(By the Associated Press.)

Washington, D. C., May 27.—John W. Gates revealed to the House "steel trust" investigating committee today the history of the United States Steel Corporation. Present at the birth of the greatest steel manufacturing concern in the world, he described how it was the natural outcome of what he described as the refusal of Andrew Carnegie to be bound by the "gentleman's agreement" that marked the early days of open competition in the steel business. He told also of millions lost and created almost in a breath; how the Carnegie mills, appraised at \$160,000,000, were recognized as worth \$320,000,000 almost within the time required to make the transfer to the corporation; the grim clash in the formative days when John Rockefeller was dissuaded from joining in the creation of the corporation, and the manner in which others were prevented from engaging in the steel trade.

Relating how Carnegie had been forced to abandon plans for extending his steel business, Mr. Gates frankly admitted that the gigantic industrial combination was formed to throttle competition, and he surprised the committee with the further information that when John D. Rockefeller had sought to enter the steel business a deal had been put through by which the Standard Oil magnate was forced to sell out for forty cents on the dollar.

Characterizing Mr. Carnegies as "a bull in a china shop," Mr. Gates told of a midnight conference between himself, Chas. M. Schwab and J. Pierpont Morgan, at which the Steel Corporation was conceived and how it resulted in Carnegie getting \$320,000,000 in the corporation's securities for his steel interests, which he previously offered for \$160,000,000 in cash.

Mr. Gates also told the committee of the taking over of the Tennessee Coal and Iron Company by the United States Steel Corporation during the panic of 1907, a deal in which he was interested as a stockholder in the Tennessee company. This, he declared, was a forced transaction carried out by Mr. Morgan and other financial leaders to save from ruin the Trust Company of America, threatened in the financial upheaval because it had loaned too much money on stock of the Tennessee Coal and Iron Company.

Plans made by Mr. Carnegie in 1899 and 1900 to circle his steel interests with a railroad of his own and to compete with the National Tube Company, just organized by Mr. Morgan, by the erecting of a tube works at Ashtabula, Ohio, were the factors that led to the birth of the steel combine. The story of the negotiations which led up to the combination now the subject of Congressional inquiry, were entertainingly told by Mr. Gates.

He revealed how Mr. Morgan, alarmed by Mr. Carnegie's plans, had sought the advice of himself and James J. Hill, how Chas. M. Schwab, who, he said, was the only man of influence with Mr. Carnegie, was called in to suggest a way to "stop Carnegie" and how the pioneer steel king of the country was curbed in his purpose, though greatly to his financial gain. He explained that the steel business was threatened with several demoralizing forces when Carnegie's plans became known and that Mr. Morgan and others became alarmed, fearing that Carnegie would demoralize both railroad interests and steel prices.

This was the situation as described by Mr. Gates, himself a director at present in the Republic Iron and Steel Company, when Mr. Morgan sent word to him through James J. Hill, seeking a conference to determine what could be done. Mr. Gates said he told Mr. Morgan that Charles M. Schwab was the one man who could influence Mr. Carnegie. Out of that came an

all-night conference at Mr. Morgan's New York home, the outcome of which was the United States Steel corporation.

Mr. Gates was asked many hypothetical questions relating to the power of the steel corporation to dictate prices and to command business. Asked if he, as an independent manufacturer of tin plates, selling below the "trust price," should receive a suggestion from the "trust" that the price of his ore and transportation might be advanced, would he attach weight to the suggestion, he said:

"I would consider it a bluff. If I've got the cash I can buy ore as cheaply as any one else. Such a threat wouldn't deter me a particle. I don't believe the steel corporation makes any such threats. If they did no one would pay any attention to them."

Mr. Gates left Washington after the hearing.

The next meeting of the committee will be held Tuesday. The witnesses expected are E. H. Gary and Norman B. Ream, of the United States Steel Corporation.

DEATH OF M. M. MOFFITT.

Prominent Citizen of Sanford Passes Away at Central Hospital.

Sanford, May 27.—After an illness of several months of Bright's disease, Mr. M. M. Moffitt died at Central Carolina Hospital Tuesday morning about two o'clock. Mr. Moffitt was taken ill last November and went to the Gulf coast in search of health. He returned home about the last of December, his health having improved but little. He continued to decline and seven weeks ago was removed to the hospital, where skilled physicians and trained nurses gave him the best of attention till death relieved him of his suffering. While his death was not unexpected, yet the announcement of it called forth expressions of regret from the people of the town and community.

The funeral was held from Steele Street Methodist church Wednesday afternoon at 3 o'clock and was conducted by the pastor, Rev. K. D. Holmes. The church was thronged with friends and neighbors of the deceased, who were there to pay to memory their last tribute of respect. The music for the occasion was made by a select choir. The casket was covered with beautiful floral designs from friends. The pastor, in his remarks, referred to the life of Mr. Moffitt in eulogistic terms and spoke words of comfort to the bereaved family. The funeral was in charge of the Odd Fellows, of which Mr. Moffitt was a member. Following were the pall bearers: Messrs. F. Y. Hanner, S. M. Jones, B. Cole, H. M. Williams, C. C. Hatch and T. A. Riddle. At the conclusion of the services at the church the remains, accompanied by many people from Sanford, were borne to Jonesboro and interred in the cemetery there.

Marion Monroe Moffitt was the eldest son of Milo and Martha Moffitt and was born in Richmond county May 5, 1859.

FOR GIANT WATERMELONS

CAPT. N. W. WEST DISTRIBUTES SEED FROM TURKEY AND WILL HAVE A FIVE DOLLAR MELON EATING CONTEST IN RALEIGH. THE MELONS AS BIG AS FLOUR BARRELS.

Capt. N. W. West, of Raleigh, is a philanthropist, a public benefactor. He has found a good thing and he is going to pass it on. If he makes a success at it he will be crowned "The American Watermelon King."

Capt. West is a reader, and in his reading of foreign consular reports he often comes across strange things. The latest is that he has learned of there being such things as giant watermelons, watermelons which grow as large as full sized flour barrels. Capt. West, in common with the rest of North Carolinians, likes watermelons, and when he heard of the flour barrel size in Asiatic Turkey, he got busy, sent for the seed and has distributed them among a number of farmers in Wake County.

The giant melons, both the watermelon and the muskmelon grow in Diarbekir in Asiatic Turkey and Capt. West wants to have them grown in Wake County. Therefore he has taken steps to have a unique contest to draw attention to the watermelons just as soon as they are ready for the eating this season. In a public place in Raleigh he will put on exhibition one of the biggest of the flour barrel watermelons and at each end he will station a little negro. A prize of five dollars in gold will be the dazzling trophy for the little negro that eats the fastest and the most of the melon. Each end of the melon will be cut open and the little negroes will start in to eating. The one who eats beyond the middle of the melon first is to be the winner. He will therefore get the most of the watermelon and the five dollars.

This is no fairy story and no First of April prank affair. Capt. West has a copy of the report of Consul William W. Masterson, of Harput, who in telling of these giant melons in Asiatic Turkey, says:

"Both the water and the musk melon of Diarbekir are the largest I have ever

seen. Watermelons grow in Diarbekir each as large as a flour barrel, and muskmelons but little smaller, only the muskmelon is rounder like a pumpkin.

"These melons are raised in the bed of the Tigris, as after the spring rains are over and the snows have all melted from the mountains the river shrinks to comparative insignificance, and large tracts of the bottom land are thus exposed. This land is plowed, and in each hill where the seeds are planted a quantity of pigeon manure is mixed in with the earth. There are people in Diarbekir engaged in breeding pigeons for no other purpose than to sell the manure to the melon growers.

"As the melons are growing over the moist soil of what was a river for six months of the year, no irrigation is necessary, and though it seldom rains during the summer, the melon vines never dry up."

With the prospect of such melons there is happiness ahead and warm weather has no terrors. The farmers to whom the seed has been distributed should give every attention to the crop, for not alone Wake County, but all North Carolina, all the South, all the country, will be impatient for the first picking.

LITERARY ADDRESS BY CHIEF JUSTICE

ELON COLLEGE ARRANGING FOR A GREAT COMMENCEMENT OCCASION—SOME FEATURES.

(Special to News and Observer.)

Elon College, May 27.—The college community has begun to put on its commencement airs. The student body just at this time is deeply engrossed in examinations and perhaps for the different programs to be rendered at the close of the session. The largest class in Elon's history this year graduates, there being 16 who will receive the bachelor's degree, three who will receive the degree of licentiate of instruction in the teachers course, and the other who will receive the master's degree. In addition to this there will be six teacher's certificates awarded in the music department and perhaps two in the fine arts and two in the department of business practice.

The commencement promises to be largely attended. The requests from visitors for accommodations during the coming year has never been so large as this year. The baccalaureate sermon this year is to be delivered by Rev. P. H. Fleming, D. D., Burlington, N. C., pastor of the First Christian church there. The literary address is to be delivered by Chief Justice Clark, of Raleigh. The Bibles are to be awarded by Rev. T. E. White, Deroy L. Fonville, Esq., of Charlotte, will deliver the medals to the members of the senior class.

The fiscal year of the college closed May 25th. The reports made to the finance committee at this time show the college in better condition financially as to income and earning capacity, than during any previous year of its history and of course President Moffitt is in a delightful mood over this encouraging fact. The enrollment too, during this year is somewhat larger than during that of any former year. These facts encourage the president and his co-laborers in their arduous work.

REMINDERS OF CIVIL WAR.

Tailor Charged \$200 for Turning and Re-making Confederate Coat—Flour \$1,300 Barrel.

(Special to News and Observer.)

Wilson, May 27.—The following is a copy of a receipt which Lieutenant Moore, of Wilson, has in his possession, and is a reminder to him that a dollar is more to him now than during the dark days of the Civil War. The receipt reads:

Oct. 7th, 1864.
Lt. D. T. Moore,
To Jno. P. McAuliffe, Dr.
To turning and re-making uniform coat \$200.00
Freight and insurance 2.50
Collection 4.05

Total \$206.55
Recd. payment.

H. MILLINDER,

Agt. Express Co.

Lieutenant Moore says that in February, 1864, he was at Mitchener's depot (now Selma), on the Southern Railroad—at home on furlough, being wounded in the thigh. He concluded to take advantage of his vacation and "spruce up," and accordingly concluded to have his uniform coat (which had grown slick from usage) ripped up, turned and made over. The coat, at the breaking-out of the war, cost him \$40. He says the above bill of \$206.55 shows how Confederate script depreciated in value in three years' time. The old gentleman is hale and hearty and now in his seventy-fifth year, but doesn't look it. He further says: "In 1865 I sold five pigs for \$3.00 and paid \$30 a yard for bleaching, enough to make my wife a dress."

Capt. J. M. Leath, who was standing by when the old gentleman was relating the above, remarked: "The last money I received from the Confederate Government was \$270 for three months' service. I had to go to Richmond to have my voucher cashed. It took me a day to go and come. Rail-

THE PENALTIES OF GROSS IGNORANCE

Mexican Bandits Still Loot and Murder

SITUATION IN DURANGO

Entire City of Thirty-Two Thousand People Yet at Mercy of Rebel Bands, of Mexicans Who Do Not Know Peace Has Been Effected—Many Killed, Scores of Federals Jailed and Stores Looted and Houses Burned Since Peace Was Declared—Many Foreigners, Including Americans, Threatened With Starvation, Leaving in a Body.

(By the Associated Press.)

Parral, Mexico, May 25. (via El Paso, Texas, May 27.)—Many Federal officials, including Jefe politicos, have been killed, scores of others have been placed in jail, stores have been looted and burned and hundreds of people are on the verge of starvation as the result of a reign of terror waged in the State of Durango and Southern Chihuahua by bandits and insurgents, who had heard nothing of the peace agreement.

The entire State of Durango, with its capital, a city of 32,000 population, is at the mercy of the roving bands, who have unseated all the regularly constituted authorities. Refugees from Southern Chihuahua also report the towns in disorder. The worse feature is that all railroad communication has been cut for weeks and the interior, being a non-agricultural region is without food.

The mining camp of Guanacavi, State of Durango, is in chaos. The first act of the insurgents after capturing the town was to place all the government officials in jail. Stores were then looted and government documents burned.

In the town of Villa Escobedo, a few miles south of here, the municipal buildings were burned, all the residents having fled to the mountains.

A previous report that all government and military officials of the town of Guadalupe y Calvo were killed, has been confirmed. Shortly after the telegraph operator at Jimenez, the chief city between Torreon and Chihuahua, reported that town was being attacked, the telegraph wires were cut, indicating the place had been taken.

There is great scarcity of food here. It is likely that the 300 foreigners, mostly Americans, will leave in a body overland in wagons. The Federal troops are preparing to evacuate.

People who come in from the small towns report that the Jefe Politicos generally have been killed, as they were regarded as petty despots.

Altogether the situation in the interior is serious and will become worse unless some news of an official and definite character is brought in that will effectually stop hostilities.

road transportation both ways was free, and after paying my hotel bill I returned to camp with only five dollars in my pocket."

On relating the above to Mr. R. T. Person, Wilson's efficient postmaster, he said: "That is only typical of conditions in the South during the war." He then told of how one night when he and Private LeGree, of Charleston, S. C., put up at a gentleman's house in Reidsville. He said: "When we sat down to supper there was but one biscuit on the table and not meat enough to grease a hand-saw. What was on the table was divided, however, between myself and comrade. For our accommodation and two feeds for two horses I paid thirty-five dollars."

There is no one who knows better than the writer how scarce and high-priced something to eat was during the '60's. I remember distinctly on one occasion my mother saying: "Son, here is \$1.50; take it, go down town and buy a barrel of flour, and if there is any change left, try to find some coffee and buy that too." The most of the flour was \$1.300, drayage was \$100, leaving \$100. I went aboard a blockade runner (I was living in Wilmington at the time), and, through the kindness of the purser, secured half a pound of coffee, the first that had been in my mother's house for three years. As a substitute for coffee parched rice, parched corn, dried okra, etc., was used.

Prince John of Denmark Dead. Copenhagen, May 27.—Prince John, of Denmark and the Queen Mother of Denmark and of the teen Mother Alexandra of England, died this evening from pneumonia. He was born in 1825.